



28 January 2011

QUARTERLY ACTIVITY REPORT – December 2010

ASX Symbol: **BAA**

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BOARD OF DIRECTORS

Mr Brian Thomas
Chairman

Mr Matthew Atkins
Non-executive Director

Ms Anna Aaron
Non-executive Director

Mr Jay Stephenson
Company Secretary

PROJECTS

Mt Palmer
Mallee Hen Point

ISSUED CAPITAL

Shares on Issue: 17,800,002
Partly Paid Shares: 6,000,000
Unlisted Options: 1,000,000

HIGHLIGHTS

- Agreement reached to acquire the Condoto Platinum Project consisting of concessions and rights to explore for platinum in the Condoto area of the Choco Province of Colombia
- The Company is also earning into two prospective gold projects in Western Australia – Mt Palmer and Mallee Hen Point

CORPORATE

Post the end of the quarter the Company has mailed out to shareholders a Notice of Meeting to approve the acquisition of the Condoto Platinum Project.

EXPLORATION

The Company is continuing its work with its consultant geologist to complete a full desk top study of the Mt palmer and Mallee Hen Projects.

At the conclusion of this review a comprehensive exploration programme will be planned to commence at the beginning of the next field season.

CONDOTO PLATINUM PROJECT

Colombia was a historically major global producer of platinum for nearly 200 years. In the period leading up to World War 2, the Condoto region of Colombia was the source of a majority of the world's platinum production. This predated the development of the major mines on the South African Bushveld Complex, Zimbabwe and Russia along with the more recent developments by a number of nickel producers where the platinum is produced as a by-product.



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Subject to completion of satisfactory due diligence which has been underway since the signing of the Heads of Agreement and the grant of shareholder approval as per the Notice of Meeting mailed to shareholders post the end of the quarter, Bailey will acquire 51% of Condoto Platinum Limited by:

- The issue of 6,000,000 fully paid ordinary shares in Bailey Minerals NL;
- Payment of US\$500,000 reimbursement for previous expenditure.

Bailey can acquire a further 24% of Condoto Platinum Limited by:

- Issue of a further 6,000,000 fully paid ordinary shares in Bailey Minerals NL;
- Expending US\$500,000 on new exploration and project activity on the Condoto Project.

Bailey can acquire the remaining 25% of Condoto Platinum Limited by:

- Issue of a further 6,000,000 fully paid ordinary shares in Bailey Minerals NL;
- Expending US\$1,500,000 on new exploration and project activity on the Condoto Project.

On 2 September 2012 Bailey will issue a further 4,500,000 fully paid ordinary shares in Bailey Minerals NL.

As part of the transaction Bailey will also undergo a restructure of the Board and Management. Prominent mining industry figures, Mr Ed Nealon will join the Board as Non-Executive Chairman and Mr William Hayden will join as a Non-Executive Director. Mr Nealon is well known for his involvement with Aquarius Platinum and more recently Sylvania Resources. Mr Hayden has spent many years working with the Ivanhoe Group companies with special interest in the South African platinum and nickel assets.

In addition Bailey intends to retain the services of an experienced Project Development Management group to actively manage the Condoto Project.

To provide funding to develop these new assets, Bailey intends to raise a further \$1,000,000 by the issue of 3,340,000 fully paid ordinary shares in Bailey at an issue price of \$0.30 to sophisticated investors who are clients of Paterson Securities and Veritas Securities.